

JPRS 84077

9 August 1983

Latin America Report

No. 2720

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

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9 August 1983

LATIN AMERICA REPORT

No. 2720

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'EXCELLENT QUALITY' OIL REPORTEDLY FOUND IN COUNTRY

EXCELSIOR Correspondent's Report

San Jose LA REPUBLICA in Spanish 18 Jun 83 p 3

[Text] Mexico--Jointly with other concerns, the state enterprise Mexican Petroleum (PEMEX) is taking part in the search for hydrocarbons that has been underway in Costa Rican territory for the past 3 years. PEMEX sources here, however, said that it is not yet possible to claim any success in the nature of a finding. In any case, a spokesman explained, the Costa Rican Government is the one authorized to disclose information in this regard.

Yesterday, the correspondent of the daily EXCELSIOR in Costa Rica insisted that PEMEX has discovered petroleum of "excellent quality" of 35-degree API gravity (very similar to Arabian light), according to statements attributed to Fernando Altmann Ortiz, former minister of energy and mines of Costa Rica. The oil was supposedly mixed with mud, sand and cement at the drillsite of the San Jose 1 well, which reportedly was plugged as unproductive by the multi-national companies that operated in that country between 1950 and 1972.

The report also refers to statements of Mexican technician Manuel Castaneda Dominguez, who is engaged in the drilling, pointing out that "the amount of gas in the rocks has increased, and that is very favorable."

For the time being, two wells are being drilled to the south of the Costa Rican Atlantic seaboard. These activities form part of a broader exploratory plan concerning the Caribbean Basin section of that country.

Mexico has participated in surveys in search of hydrocarbons in Cuba, Nicaragua and Guatemala, among other countries.

Referring again to the information furnished by the EXCELSIOR correspondent, parliamentary sources of the Opposition assert that there is a 90 percent probability of finding petroleum in Costa Rica. PEMEX supposedly will drill to a depth of 6,000 meters in the first well, and to 4,000 meters in the second. The Costa Rican Petroleum Refinery (RECOPE) is cited as pointing out that "four possible hydrocarbon-bearing horizons have been detected up to now" in the San Jose 1 well, which supposedly has already reached a depth of 4,300 meters.

The daily's report finally affirms that this is the first time petroleum has been found in the West without the participation of the multinational companies. It also denounces the purported attempts of First Vice President Alberto Fait Lizano of Costa Rica to get PEMEX out of the exploratory activities in order to favor the return of the multinational companies.

Official Confirms Find

San Jose LA REPUBLICA in Spanish 21 Jun 83 p 2

[Text] "We have found five possible horizons that exhibit the characteristics of petroleum deposits in the San Jose 1 well, but we will not be able to determine the amount of their contents until production tests are made," Pedro Afonso, the engineer directing the petroleum exploration, said.

Afonso referred to reports concerning the discovery of petroleum in the area of Talamanca disseminated in Mexico by the state enterprise Mexican Petroleum (PEMEX), which is providing the financial and technical support for the drilling of the two wells in that region.

He pointed out that production tests will be made once the drilling reaches a depth of 6,000 meters. A depth of 4,539 meters has been reached to date.

He explained that barring any unforeseen events, all the tests will be completed before the end of the current year. Until then, it will be impossible to know if there is petroleum in commercial quantities. "There has always been petroleum in the area, but the amount is not known," he said.

Afonso pointed out that petroleum does not burst out of a well in violent fashion. "That is a drilling fault, and when careful drilling is performed--as that of the San Jose 1 well--it cannot rush violently to the surface."

8414
CSO: 3248/1019

LATIN AMERICAN SPECIALISTS DISAGREE ON DEBT RENEGOTIATION

Caracas EL NACIONAL in Spanish 1 Jul 83 p C-1

[Article by Edgardo Silberkasten: "Latin America Faces Two Concepts for Foreign Debt Renegotiation: General Renegotiation vs. Bilateral Refinancing"]

[Text] After a marathon round-table effort, which ended yesterday around 2000, the 14 participants in the discussion on the problem complex of Latin American indebtedness did not manage to arrive at an agreement and the two opposing views with respect to the advisability of renegotiating the foreign commitments in a general form will continue among the region's specialists.

Three representatives of the United States, who were joined by the former president of the Central Bank of Venezuela Carlos Rafael Silva, and former member of the board of directors of that institution and current vice president in charge of finances of the Cisneros group, Roberto Guarniero, headed the group that was in favor of going into bilateral conversations with the international financial community, arguing that the complex characteristics and differences of each of the Latin American countries make it impossible to renegotiate the foreign debt in a joint fashion. One of the clearest, most positive, and most feasible statements--in short-range terms, that is--was presented by former National Securities Commission Chairman Bernardo Paul, who pointed out that "Right now there is no stability whatsoever in the worldwide financial system and, as far as the debt is concerned, the greatest difficulties arise in regard to its servicing." He added that, "As a result of the inconveniences encountered in paying the foreign obligations, the private banks today include in their computations as a decisive factor the prevailing financial risk, something that was earlier unknown in the world of banking." To mitigate the negative effects, he proposed a series of mechanisms that would help in refinancing and that would work toward economic revival. Among them we must stress the development of the capital market [money market], the issue of long-term bonds (30 years) which are indexed, the creation of national investment funds to attract a "pool" of investors, the issue of national bonds based on the value of exports, and the creation of a Latin American currency which would serve to issue long-term bonds. He also suggested the creation of a Latin American Bank and the decentralization of the IMF.

Luther Hodges, Robert Hormats, and Samuel Eaton, the three representatives of the United States, agreed on the need for negotiating in a bilateral manner with the banks and the IMF. The first of these men maintained that the challenge in the current economic situation sprang from economic growth and that this is why it was necessary to restore the atmosphere of confidence. Then it would be necessary to study mechanisms for future financing and he proposed the creation of a new financial institution for this purpose. Hormats, for his part, was the man who with greatest intensity argued in favor of the impossibility of renegotiating in a combined form. He said that there are petroleum countries and others in the region which are importers, while there are nations with a huge public debt volume and private debts, while some have short-term and others have long-term obligations. He emphasized that one must not solve the problems in strictly economic situation terms but that one must, first of all, concentrate on solutions for the long run. Eaton recommended the adoption of gradual measures in the form of actions aimed at reducing public spending in the United States, reaffirming the drop in public spending in the region, pressuring the industrialized nations so as to get them to give access to Latin American exports that must reach their markets, improving financial information dissemination, and making sure that the creditors will increase their participation in regional and international cooperation organizations.

General Proposals

Hector Malava Mata was one of those who concentrated his presentation on action within the theoretical aspects of the current capitalist crisis and the effect which the central economies have on the periphery. He explained that the system works through the assembly of heterogeneous structures in worldwide, regional, and national contexts, and that implies production, distribution, and exchange relations which are obviously unequal between the centers and the periphery. The capitalism of the centers--with cycles that include recurrent crises--cannot remedy the troubles it is having without transferring a good dose of its failures to the vulnerable capitalism of the periphery.

Malava Mata said that a Latin America, shaken by the crisis, does not provide a favorable prospect for the economy of the centers. The heavy borrowing of the region, which was resolved through methods that stimulate economic revival of the lending countries, can signify serious troubles for the international financial system. "There is no worse repayment for the creditors than the insolvency of the debtors." He concluded his briefing, recalling that, while the payment difficulties of the Latin American countries constitute a general problem of that region, there is no other alternative but to accept their resolution through negotiations within a general, global framework.

Jorge Marcano, the Venezuelan delegate, was the first among the panelists who questioned the positions outlined by the United States representatives. He indicated that the total foreign debt of the world's developing countries comes to \$700 billion of which 80 percent are concentrated in 20 countries, with half in Latin America. Marcano presented a technical analysis of the indebtedness situation and said that private international banks must renegotiate these obligations. He demonstrated that, in refinancing the debt, the debtor countries will increase their exports, considerably restrict imports, and in this way the new loans obtained will help to pay the servicing

of the debt. In other words, it will only be necessary to take care of the interest. In this way, the chief beneficiaries of renegotiation are the banks themselves. Later on he explained that one of the topics that turns up during every debate session involves the moratoriums. Among the effects of this measure he indicated that the first attitude of the creditors would be to freeze the assets abroad, to put an embargo on exports, something which would lead to the failure of many banks and therefore all of the industrial world's central banks would have to try to get help from their own financial intermediaries--which would only accentuate the inflationary pressures along with other negative factors.

Marcana suggested a series of measures including an immediate reduction in interest rates to 7 percent, the establishment of a period of grace for the debt amounting to 4-5 years, the deferment of capital payments from 8 to 9 years, and active coordination between debtors and creditors. He also proposed the issue of special bonds that could be handled through a group of international organizations and that would avoid bilateral negotiations which he considered totally useless.

A Bank of the Third World

Roberto Espindola, a Chilean economist who lives in Great Britain, in his remarks analyzed the performance of the Venezuelan economy. A commentator for the magazine SOUTH, Espindola prepared a comparative study between Venezuela's economy and that of Brazil. He was very critical regarding the measures adopted by the current administration and pointed out that the absence of timely measures led to the current Venezuelan crisis. He reviewed the foreign debt situation and demonstrated that it is tied to forced negotiation with the IMF. "Venezuela will have to pay a spread of 1.37 percent in its renegotiation above the London inter-bank rate, which would signify an additional cost to the country in the billions of dollars."

Espindola did not confine himself to questioning the decisions adopted by the administration of Luis Herrera Campins but also proposed, for the region, unity among debtors in the renegotiation of the debt, centralized financial information on the developing world, and the creation of a bank of the Third World which would be a major tool in the discussion with the industrialized nations.

Manuel Ulloa, former Peruvian minister, presented a briefing which, for many people, was the best clarification on the topic analyzed during the round-table discussion. He asked that everybody should be concerned with the seriousness of the crisis but that it would be a fundamental thing directly to negotiate between debtor and creditor countries on the differences that exist between each nation. He termed the decade of the 1970's as the decade of borrowing and took the risk of predicting that the decade of the 1980's must be the decade of reproductive investments. To attain those goals, he said, it would be necessary to reorganize the debt for terms of no less than 20 years so that each country could start the process of economic recovery after the years of general recession. One of the most outstanding points in his

proposal had to do with the terms for debt payment, tied to the drop in bank interest rates, with the idea being that those interest rates are fixed and that refinancing should also be based on prices as a function of export.

Overall Negotiation Only as a Last Resort

Roberto Guarnieri had an overall view of the borrowing problem and in this sense said that the topic was initially underestimated, that the economic recession was not taken into account in its real dimension, that responsibilities must be shared, and that the lending bank for a long time continued to stimulate deficits. Today, he said, the situation on the money market is more serious because there is no money for financing. He added that it is necessary to spell out the level of adjustments proposed for renegotiation since the time frame, the gradual nature of measures involved, and the effects which this approach can have not only on the financial system but above all on the production machinery must be taken into account. Guarnieri alerted his listeners to the danger that a delay in payments implies above all for the entire banking system and the repercussions that might in general spring from that in the industrialized world. The banks want to renegotiate and this is why we have to do the job in a bilateral form; negotiating in a block must be our last card if all other mechanisms fail."

Finally, he questioned the restrictive policies of the IMF since they prevent economic revival, generate greater social problems, and aggravate the drop in the purchasing power--all of which harm political stability.

Francisco Mieres began his talk by refuting the concepts expounded by Guarnieri. "It is a miracle," he said "that the IMF, the OECD, and finance capital listen to certain demands from our countries." The most striking demonstration of this negative attitude was the latest meeting of UNCTAD which was held in Belgrade and which could not arrive at any agreement. He recalled that the recycling of petrodollars took place within the very financial system which he criticizes and that, thanks to this attitude, the system emerged stronger and that made it possible even further to accentuate underdevelopment. He stated that between 1973 and 1981 alone, the surplus of the petroleum producing countries was equal to the amount of the total debt of the developing world. Therefore, specific Latin American solutions are necessary. He used this opportunity to question the Venezuelan agreement with Veb Oil, indicating that, 10 years ago, a similar proposal was rejected although it had been advanced by the Brazilian petroleum enterprise PETROBRAS [Brazilian Petroleum Corporation]. "Those agreements are the only ones capable of boosting our action and thus advancing in negotiations with the industrialized nations."

The last American who participated was Joseph Grunwald. The central element in his presentation had to do with the region's need for dollars. For that purpose it is fundamental to export to the industrial world and that happens to the detriment of Latin American integration. This crisis works against integration.

Felipe Pazos, an advisor to the Central Bank, talked for only 9 minutes. However he expressed his concern with future regional financing. He said that, if there are no mechanisms for obtaining financing sources, credit will be

reduced between 10 and 20 percent. He proposed three steps: Greater protectionism, increase in taxes, and the search for new instruments to get domestic savings. And these three policies can be carried out in Venezuela because that is the country with the highest per-capita income.

Maxin Roos was the last to speak before the concluding remarks presented by the panel's moderator, Carlos Rafael Silva. He was in favor of possible proposals, not ideal proposals. He summarized the mistakes that were made in the following manner. First of all, he said, international banking did not act with sound financial principles. Next, the lending countries did not impose any type of regulations and, finally, we are responsible due to lack of discipline. We must get away from the myth of overall renegotiation and for that purpose he proposed viable solutions, including bilateral negotiations.

Carlos Rafael Silva summarized the meeting with the following nine conclusions:

- (1) The regional foreign debt is a financial topic but it cuts into the general policies of each country.
- (2) The debt determines the economic policy proposals.
- (3) The debt levels are critical, especially regarding debt servicing.
- (4) One of the difficulties sprang from the liberalization in the grant of loans.
- (5) Recycling of petrodollars and the increase in bank loans made problems worse.
- (6) The creditors want to negotiate in a bilateral form. I do not believe in a block of debtors.
- (7) Economic conditions are becoming more and more critical.
- (8) It will be necessary to accept the basic proposals of the IMF.
- (9) Access to financing sources in the future will become more and more difficult with each passing day.

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CSO: 3348/545

CHURCH, LABOR UNIONS JOIN EFFORTS TOWARD SOCIAL PEACE

Buenos Aires LA NACION in Spanish 6 Jul 83 p 11

[Text] The delegations from the CGT-RA [General Confederation of Labor-RA] and CGT-Azopardo [General Confederation of Labor-Azopardo] met yesterday with the Episcopal Group of the Social Pastoral, after the conclusion of which the union leaders stated that "we can be united or divided but will never be in confrontation with each other," while Alberto Triaca said that he hoped that the embrace--that they have just given each other--"would be the path to the unions' solidarity."

At the conclusion of the meeting a communique was issued in which it was pointed out that the ecclesiastical organization, "along with the representatives of the Argentine organized labor movement, have considered the serious socio-economic situation afflicting the Argentine people."

The communique adds that the factions "have agreed to keep on searching for the appropriate solutions that would achieve social peace, that would remedy the unjust socio-economic situation and that would permit the practice of the democracy to which we all aspire, stable and with true participation."

The Participants

Those from the CGT-RA participating in the meeting, besides Ubaldini, were Ramon Valle, Jose Rodriguez and Roberto Garcia, and from the CGT-Azopardo, besides Triaca, were Jorge Lujan, Luis Etchezar and Ramon Baldassini. Present at the meeting were Monsignors Justo O. Laguna, Rodolfo Bufano and Domingo Castagna.

Positive Meeting

Monsignor Bufano considered the meeting "very positive" and said that "it fills us all with hope," particularly if set in the framework of reconciliation.

The prelate added that among the avenues the church, along with the unions, will investigate, a meeting with the government cannot be dismissed.

When asked about a possible agreement with Chilean union leaders, Triaca pointed out that "when one talks of peace, one cannot be hostile. We want peace--he added--but also internal peace."

Regarding the possible unification of the two labor unions, Triaca said that the communique mentions the "labor movements," and "the acronyms have been left by the wayside."

Regarding this matter Ubaldini said: "God willing, some day soon there will be only one CGT."

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CSO: 3348/539

CHURCH-LABOR MEETING BRINGS SECTOR CLOSER TO UNITY

Buenos Aires CONVICCIÓN in Spanish 6 Jul 83 p 6

[Article by Ruben Ortiz: "A Symbolic Embrace"]

[Text] The embrace in which Saul Ubaldini and Jorge Triaca held each other at the headquarters of the episcopate was more an expression of hope than a reflection of reality as regards the solidarity of the labor unions.

Contrary to what many persons thought, the solidarity of the labor unions was not the central issue of the meeting held yesterday evening by the representatives of both CGTs with the church's Social Pastoral Group.

The meeting resulted from an initiative of the church, worried about the workers situation in relation to salaries and about the possibility that drastic union reactions might have undesirable effects on the institutionalization process.

But ecclesiastical uneasiness is also engendered by the prospect that social discontent could be used for other purposes. "If the control of that feeling falls in the hands of another ideology, watch out!" Monsignor Rodolfo Bufano, the person from the Social Pastoral Group in charge of relations with the unions, warned last night.

Bufano made it clear that during last night's meeting the subject of the solidarity of labor unions was not specifically considered, but at the same time he cited as an example for the rest of society the gesture of the union members in forgetting their differences so that they might answer the summons of the church and pledge to search together for solutions that would promote social tranquility, reverse the economic situation and ensure a stable democracy.

Bufano also made it clear that the union members do not need advice, but took it as self-evident that "they will continue to be prudent." This statement, together with the commentaries by leaders of each of the CGTs, permits us to deduce that something was clarified at the meeting: no general coercive measures will be taken without knowledge of the result of the action that the unions agreed to take together with the church to induce the government to improve the socio-economic situation.

The prospect of a joint meeting with the government is one that neither the union members nor the bishops discard. Similar steps were taken by the church previously, and when the leaders asked for suggestions as to possible solutions, the bishops made it clear that "we are not experts."

In relation to terms, Monsignor Bufano was very clear: short-term solutions will have to be found, because we are "up to our necks in water."

There are indications that the initiative started by the church is not limited to union members and that soon political leaders and those of other sectors will be convened.

While knowledge of the result of the measures agreed to last night is still awaited, the meeting of the episcopate has already achieved something, in that it contributed to the rapprochement of the union members. But solidarity can only be attained by the unions themselves, and neither the government nor the church nor any external factor could bring it about, in the judgment of experienced observers.

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CSO: 3348/539

SHAKE-UP IN GOVERNMENT BOARDS DRAWS PLP CRITICISM

Road Safety Sacking

Hamilton THE ROYAL GAZETTE in English 17 Jun 83 p 1

[Text]

Mr. John Faiella has been dropped as chairman of the Bermuda Road Safety Council.

His removal by Transport Minister the Hon. William McPhee is believed to be start of a major shake-up in Government board appointees, who are to be revealed at the end of the month.

Last night Mr. Faiella put his dismissal down to disagreements between himself and Mr. McPhee on how to lessen Bermuda's traffic problems.

"I have been rather outspoken," he said. "Mr. McPhee and I disagree over certain things, particularly with regard to Police visibility. I think there should be more policemen, there should be more on the roads and they should be used more efficiently."

"Being a former policeman, Mr. McPhee feels the police presence is quite good," Mr. Faiella said.

Ironically, Mr. Faiella was one of six people appointed to the Road Safety Council in 1980 to replace Mr. McPhee, the then chairman, and four other members who resigned from the Council complaining that they had received little support from then Transport Minister Mr. James Pearman.

Mr. Faiella recalled yesterday: "Mr. McPhee was fed up with a Minister who did nothing. I am not suggesting the present minister does nothing. I realise that the wheels of Government turn slowly. I hope that government can handle constructive recommendations. If they cannot I feel sorry for them."

The out-going chairman said he was surprised to learn that he was to be dismissed, but insisted that he was not bitter.

National Trust Firings

Hamilton THE ROYAL GAZETTE in English 20 Jun 83 p 1

[Text]

Three appointees on the National Trust Council are the latest victims of the Government board reshuffles.

National Trust President Lt. Col. Michael Darling confirmed yesterday that the three Department of Educa-

tion-appointed council members, Dr. Simon Frazer, Mr. Jordy Walker and Mrs. Nesta Paschal had all been dropped.

Lt. Col. Darling said:

"They were very valuable members of the council who were doing a very good job.

They're the sort of people who don't grow on trees.

"It came as a quite a surprise and a disappointment to hear of it. We are very sorry to lose them."

He had no idea who would be replacing them and added that the Trust had

only found out about the changes when told by Dr. Frazer last week.

Dr. Frazer said: "I received a letter telling me that I was not going to be appointed from July 1. I was a bit surprised as I had understood I was going to be re-appointed. When I told Lt. Col. Darling he seemed quite surprised too. The letter came completely out of the blue."

Dr. Frazer had served on the council for a year and a half. Mr. Walker and Mrs

Pascal were out of the Island yesterday.

When asked why the council members were being dropped and who would replace them, Education Minister the Hon. William Cox replied:

"Those are very good questions, but I have no comment to make at the moment."

Last Friday it was revealed that Mr. John Failla, Road Safety Board chairman been replaced in a move which was seen to be

the beginning of a major Government board reshuffle.

Last night St. George's South MP Mr. Sidney Stallard hinted that he would be getting a new job in the reshuffle. He also defended the changes, saying that new blood was needed on the boards and some people had sat too long on one particular board.

Government board appointments are due to be announced at the end of this month by the Cabinet Office.

Cabinet Dissatisfaction

Hamilton THE ROYAL GAZETTE in English 23 Jun 83 pp 1, 10

[Text]

Most of Premier John Swan's Cabinet Ministers are furious over the "massacre" of Government boards and the manner in which the sackings were carried out.

They are angry that they were told who would be on their respective boards instead of being asked for recommendations. And they believe that many of the new names were selected by the Premier's "kitchen Cabinet" of himself, Mr. Edgar Wilkinson and Mr. Raj Nadarajah.

Mr. Wilkinson is the United Bermuda Party treasurer and was a driving force behind the scenes in getting Mr. Swan elected as Premier 18 months ago. Mr. Nadarajah is Mr. Swan's controversial close friend and the man who looks certain to get the \$45,000 a year post as the Premier's personal aide.

Some Ministers are also angry that heads of departments were ordered by the Cabinet Office to send brief notes to board members telling them they were fired — without the courtesy of the Minister's signature.

"That's no way to treat people who have given the country good service," said one Minister.

Mr. Swan is hosting a lunch at the Fourways Inn today for members of the media to explain the carve-up of the 75 boards.

Concerned Ministers, MPs and party workers alike agree that it is important to

introduce "new blood" to the advisory and statutory bodies. But they fear that the boards are simply being used to pay off political debts and to surround Mr. Swan with men and women fiercely loyal to him, rather than people who will be working solely for the good of the country.

Certainly a number of appointments appear to be a thank-you for work done in the February election which Mr. Swan won after a presidential-style campaign.

The campaign manager, Mr. Mike Winfield, has been rewarded with a position on the important Tourist Board, while long-time member and leading hotelier Mr. Cyrus Elkins has been thrown off. Also on the board are Ms. Carmen Blackett, who ran unsuccessfully for the United Bermuda Party in Southampton East, and Mr. Norman Jones, general manager of

the Bank of Butterfield.

The current board chairman, Mr. Sidney Stallard MP, is switched to the Hospitals Board, and is replaced by Mr. Kirk Cooper, who had a vital fund-raising role in the election.

Dr. Clarence Terceira, a member of the election campaign committee and a former chairman of the UBP, is to be chairman of the Broadcasting Commissioners.

Mr. John Harvey, a failed UBP candidate in Sandys South and a close friend of Mr. Swan, gets the chairmanship of the Road Safety Council. And another failed candidate, Mr. Rex Darrell, who ran in Southampton East, gets a place on the Hospitals Board.

Backbench MPs who were elected for the first time in February and are rewarded with chairmanships of important boards are Mr. Maxwell Burgess, at Public

Works, and Dr. George Thomas, at Education.

Speculation is running high over whether two other "Swan men" will be given appointments. One is Mr. Eldridge Brimmer, the former Secretary General of the Bermuda Industrial Union who quit the union shortly before the election and then publicly declared his support for Mr. Swan.

The other is Mr. Altimont Roberts, Mr. Swan's brother-in-law, who was earlier this year made secretary of the UBP.

The procedure in the past for appointing boards was that Ministers made recommendations to the Premier which were nearly always accepted. The Ministerial responsibility appears to be enshrined in the Constitution which states that boards "shall be subject to

the directions of the Minister concerned".

But on this occasion Ministers were called in to see the Premier and told who the members of their boards would be. Although several Ministers complained, only a few changes were made.

None of the Ministers who could be contacted yesterday was prepared to discuss the matter. All said they would not make any comment until the boards were officially announced on July 1.

But it is no secret that the majority of them are angry. Some have already spoken to long-serving members of their boards who have been axed and expressed their personal feelings.

"The Minister called me to say he did not want me fired, but there was nothing he could do about it," said one sacked member.

Several Ministers are expected to send personal letters to those who have been ditched, expressing their appreciation for past service.

One branch member who was active in ensuring a UBP success in a marginal constituency in February said she was appalled at the sweeping changes and contacted a Minister.

"He told me he was livid too, but there was nothing he could do. He had been given the names and that was it. I think the public feel this is all the fault of the Ministers but they have had nothing to do with it."

Another appointment learned yesterday was that of Mr. Eugene Saunders as chairman of the Telecommunications Authority. He is an exempt company executive who formerly worked in computers with the Bermuda Telephone Company.

Swan Defense of Action

Hamilton THE ROYAL GAZETTE in English 24 Jun 83 p 2

[Text] Premier the Hon. John Swan yesterday said that Mr. Raj Nadarajah had no involvement in the selection of new Government board members.

Speaking at a Press conference lunch at Fourways Inn yesterday, Mr. Swan pointed out that his close friend Mr. Nadarajah had been out of the Island for several weeks and went on to deny any constitutional violations in the selection of new board members.

Mr. Swan was responding to reports of widespread sackings of Government board members, which has angered Cabinet Ministers who claim they did not choose their own board members.

They also believe that many of the new names were selected by the Premier's "kitchen cabinet" of himself, Mr. Edgar Wilkinson, United Bermuda party treasurer, and Mr. Nadarajah.

Mr. Wilkinson, said the Premier, had forwarded to him for consideration some names of UBP members.

Mr. Swan said the appointments were discussed with Cabinet Ministers, but he declined to say whether they had any say in the appointments.

Asked whether Cabinet Ministers were upset about the selection process, Mr. Swan replied he had received no repercussions, resignations or recriminations from any in the group.

The Premier declined to name any new board members saying that the list would be published on July 1. But he defended the clean sweep saying that major alterations were needed so that the boards would be more reflective of the community.

People who were involved in the recent election campaign had been named to boards, he said. But he said he had made it clear to new board members that they would have to work to keep their places.

PLP Criticism

Hamilton THE ROYAL GAZETTE in English 25 Jun 83 p 2

[Text] Premier the Hon. John Swan was yesterday accused of "downright rudeness" over his handling of replacements on Government boards.

The charge came from Opposition Leader Mrs. Lois Browne Evans during the motion to adjourn in the House of Assembly.

She was referring to grumbles — some reportedly at Ministerial level — at the summary sacking of personnel on Government boards.

Mrs. Browne Evans also said the affair had been approached with autocracy and bad behaviour and called it a form of "musical chairs".

The PLP leader said she could remember when Mr. Swan had previously demonstrated his pique as Home Affairs Minister.

"Someone ruffled his feathers so much then and got him so annoyed that the man concerned was told to settle his affairs and leave the country," Mrs. Browne Evans said.

"At that time people talked about it up and down the country," she added.

"Now they might say: 'That is not John Swan'. But today it is not the same John Swan."

Mrs. Browne Evans said Government, having now a sufficient majority and

"clout", would be staffing the various boards with "party hacks".

"You will put party hacks on the boards and they will become a rubber stamp for the Minister," she said.

Mrs. Browne Evans said another spectacle had occurred when former Minister Mrs. Gloria McPhee had spoken ill of a board.

"No sooner had she spoken mean of the board than the Premier stepped in and sacked her.

"Now we have all these Ministers belly-aching this week because the Premier bypassed them.

"Suddenly Ministers are leaking their disappointment to the Press and the UBP shows a disunited face."

She said Mr. Swan was driving home the message that he was at the top and ruling after the last election and Ministers were having to go along with it.

"Nothing corrupts more than power," the Opposition Leader said. "It is important to let one or two people know that on the other side.

"Letter upon letter went out to citizens of this country to cut them off just like that and it was an error. The Premier then said he had reviewed the situation and some letters are going out telling some to ignore the first letters — but he should have thought before he sent

them out in the first place.

"It should not have been contemplated that the Premier might not have consulted the Ministers concerned. You cannot run a Government like this. We are run not on the American way of democracy but on the Westminister system of collective responsibility."

Earlier, Mr. Stanley Morton (PLP), referring to plans for a new building to house, among others, the office of the Premier's personal aide, had claimed Mr. Swan was spending people's money lavishly to consolidate his position.

The Hon. Quinton Edness, Minister of Public Works, said there was no disunity in the UBP.

"The people of this country won't be fooled by a barrage of hollow, descriptive adjectives," Mr. Edness said in answer to Mr. Morton's charges.

The Hon. Sir John Sharpe, Minister of Home Affairs, accused the PLP of indulging in character assassination again and advised Mr. Swan not to retort because firstly he was not that sort of gentleman, and secondly he wouldn't be half as good at it as the PLP.

"I wish the other side would bury the sour grapes they are carrying and strike out for the high ground and leave the low ground they have occupied for so long," Sir John said.

DISPARITY IN SWAN, EVANS AIDES' SALARIES IGNITES ROW**Swan Reassurances**

Hamilton THE ROYAL GAZETTE in English 18 Jun 83 p 1

[Text] The person who gets the job of personal aide to the Premier will be paid \$865 a week.

The salary is likely to set off a major storm in the House of Assembly when the matter is debated, probably in two weeks. For while the aide to the Hon. John Swan will be picking up \$45,000 a year, the personal assistant to Opposition Leader Mrs. Lois Browne Evans will get only \$16,000 a year, or \$308 a week.

Mrs. Browne Evans has already complained that Government is being unfair in allowing her only a secretary as an aide, while Mr. Swan's assistant will be a political advisor and speech writer. When the legislation allowing the posts was debated a few weeks ago in the House, Mrs. Browne Evans said that if the Premier was to have a highly-paid advisor whose salary came from public funds, she would demand the same treatment.

The hot favourite for the job as Premier's aide is Sri Lankan Mr.

Raj Nadarajah, who is currently employed by the John W. Swan real estate firm. Mr. Nadarajah hit the headlines last year when it was revealed his application for status had not been advertised in the normal way. He eventually withdrew his application.

Mr. Swan has said that the job will be advertised and full consideration will be given to qualified Bermudians. He will personally make the selection.

The salaries were revealed yesterday when Government told the House of Assembly it would need to pay out nearly \$3 million more than predicted in the Budget which was presented in February. Almost all of that cash will go in wage rises agreed recently with the Bermuda Industrial Union.

Other major amounts in the supplementary estimate to the Budget are \$100,000 for the Royal Commission on Drugs and \$600,000 for the Summerhaven home for the handicapped.

Issue of Office Expansion

Hamilton THE ROYAL GAZETTE in English 24 Jun 83 pp 1, 2

[Text] A proposed \$1 million extension to the Cabinet Office is guaranteed to draw fire from the Progressive Labour Party who regularly accuse Premier the Hon. John Swan of surrounding himself with the trappings of a president.

And some members of his own party are not too happy about it either. The plan is for a basement and two-storey addition to the Reid Street side of the Cabinet building on Front Street.

It is likely to house five or six offices with one understood to be earmarked for the Premier's \$45,000-a-year aide, who looks sure to be Mr. Raj Nadarajah.

"They're calling it the 'Raj Mahal',' said one disgruntled Minister.

Draft plans have been drawn up for the extension, which at current prices would probably cost between \$600,000 and \$700,000.

But as work would not begin until early 1984, rising costs would be likely to push the final price towards the \$1 million mark.

Opposition Leader Mrs. Lois Browne Evans said she was not surprised to hear of the extension plan.

"We said that when the Premier got his highly paid aide, they would have to build a fancy office for him" she said.

"We have always been critical of the Premier surrounding himself with the trappings of a president when we are still a colony. I just hope he does not go for the Rolls Royce next."

Mr. Swan could not be contacted about the matter last night.

The Cabinet Secretary, Mr. James Williams, would not deny that plans had been drawn up but stressed: "No plans have been approved." He said a Cabinet committee was considering the whole question of accommodation for the Judiciary, the Legislature and the Cabinet Office. At present, a quarter of Cabinet Office space is used by the Senate.

Government intends to appoint a second Cabinet secretary who would presumably need an office, as would the Premier's aide. And two Ministers, Senator Charles Collis and the Hon. Ernest Vesey, work out of the Cabinet building.

"We have been tight for space," said Mr. Williams. "But until that committee reports, the whole thing is very much in the discussion stage."

Mr. Colin Benbow, a former Government MP and recently sacked chairman of the Public Works Board, said he was alarmed at the plans.

"I have heard the figure of one million mentioned for this and if it is true, I feel the money would be far better spent on providing homes for the people who have to sleep in the bushes at night or those with a drugs problem."

PLP Chief's Complaint

Hamilton THE ROYAL GAZETTE in English 24 Jun 83 p 1

[Text] Opposition Leader Mrs. Lois Browne Evans is writing to Government demanding that she be allowed a highly paid aide.

The move follows the revelation last week that the successful applicant for the newly-created post of aide to the Premier will be paid \$45,000 a year.

Legislation allowing the appointment of political aides to the Premier and Opposition leader was approved by Parliament recently.

But Government made it clear that Mrs. Browne Evans could expect no more than a \$16,000-a-year secretary while the Premier's aide will be a political adviser and speech writer.

"We made it clear in the House of Assembly that if the Premier was getting such expert help paid by the taxpayers, then the Opposition leader should too," she said last night.

"Before the week is out, the Finance Ministry will have my application for a highly paid aide."

Delay in Parliament

Hamilton THE ROYAL GAZETTE in English 6 Jul 83 p 1

[Text]

The Hon. David Gibbons, Minister of Finance, said yesterday that a request by Opposition Leader Mrs. Lois Browne Evans for a highly paid political aide could not be considered by the House of Assembly until after the summer recess.

His comments came after Mrs. Browne Evans said she was writing to the Finance Ministry requesting an aide, following news that the newly-created post of aide to the Premier came with a \$45,000 a year salary.

Legislation for the appointment of political aides for the Premier and Opposition Leader was approved by the House recently. But Government made it clear

that the Opposition Leader could expect no more than a \$16,000-a-year secretary.

Mr. Gibbons said yesterday that he had not yet received Mrs. Browne Evans' letter, although it could have arrived at the Finance Ministry. He said that supplementary estimates, which included \$45,000 for the Premier's political aide, had been approved in the House on Friday and no more funds were available.

"We couldn't begin to look at that until the House resumes," he said.

The House is expected to break on July 15 for the summer recess, resuming in November.

CSO: 3298/752

SWAN CALLS WEEK-LONG VISIT TO AZORES 'WORTHWHILE'

Hamilton THE ROYAL GAZETTE in English 7 Jul 83 p 3

[Text]

Premier the Hon. John Swan yesterday hailed his one-week official visit to the Azores as a "very constructive and worthwhile" trip.

A key task of the Premier's meetings with the Azores President was to look into arrangements for Acorean workers in Bermuda.

At a joint Press conference with the Premier this week, President Dr. Joao Bosco Moto Amaral said the recruiting process for Acorean workers would be speeded up and documents covering several workers had recently been sent to Bermuda.

Dr. Amaral said the two islands would continue to foster closer ties through tourism and trade. And he hoped that a cargo service via ship could be arranged.

Mr. Swan, who arrived back in Bermuda yesterday, commented: "It was a worthwhile trip. It was enlightening.

"There was some clearing up of the work arrangements which needed to be

done and that was accomplished. I think the whole aspect of Acoreans working in Bermuda was dealt with."

The Premier also held talks with the heads of various regions in the Azores "who have some influence over the people who want to migrate to Bermuda", said Mr. Swan.

He was accompanied on the trip by his wife, Mrs. Jacqueline Swan, Mr. James Williams, Secretary to the Cabinet, and Mr. and Mrs. Luis Bernardo who travelled as representatives of the Portuguese community in Bermuda.

The visit included a tours of Angra, Faial, the Island of Pico, San Miguel and Ponta del Garda.

Mr. Swan remarked that he was "most impressed" with the islands. He was impressed with the "tremendous amount of open space and cultivated fields as well as those used for cattle grazing".

He hoped that Dr. Amaral would visit Bermuda again.

CSO: 3298/753

PARLIAMENT, GAZETTE IN ROW OVER REPORTING, MP ACTIVITIES**Hamilton THE ROYAL GAZETTE in English 2 Jul 83 pp 1, 5****[Text]**

Government and the Opposition joined forces last night to criticise the way the media reports the proceedings in the House of Assembly.

PLP Leader Mrs. Lois Browne Evans took exception to the Press using words such as "attacked" when MPs made strong criticism of their political opponents. The Royal Gazette had printed a correction yesterday which showed it made mistakes.

"You just do not know where you are with editors and reporters who just love headlines," she said.

She felt that the public had begun to have less respect for politicians in the past five years because of what had been written in the papers. Papers dramatised the proceedings of the House, and that brought the House into disrepute.

The public would think MPs hated each other from reading reports, when in fact they were all simply human beings and nobody hated anybody else. Reporters only saw the MPs in the House, but in the coffee room members were friendly to each other.

The Hon. Quinton Edness, Minister of Works, agreed that the public gained the wrong impression about the way MPs behaved from media reports.

"When you talk to people about what goes on up here, they think we are a bunch of animals," he said.

The public, he said, were surprised when they saw MPs laughing and joking together at various functions. Journalists who rang him or his colleagues often had no background in the subject they were inquiring about, when they should be as well versed as Cabinet Ministers.

He felt that arrangements should have been made in the past to train journalists locally rather than having to import non-Bermudian journalists.

Mrs. Browne Evans and Mr. Edness may have some valid points. To see for themselves what goes on in the House, the public has only to spend a day in the gallery to see if proceedings are reported fairly.

There's nearly always plenty of room — and those brave souls who do venture in rarely stay for more than 15 minutes. But those who have never made it may be enlightened by a brief selection of events from yesterday — an average day in the life of the House.

● While launching her tirade against the Press, Mrs. Browne Evans did not bother to mention that she had

asked The Royal Gazette for copies of a picture of her and her daughter at the Heritage Day parade. She was given four prints yesterday but offered neither payment nor even a thank-you.

● Mr. Edness criticised the reporting. He failed to mention that he had earlier in the day invited a young reporter for coffee while she was supposed to be taking notes. She refused.

● The same reporter, an educated young Bermudian, was covering the House for the first time. Her overall impression? "They are like a lot of schoolchildren."

● Mrs. Browne Evans interrupted other speakers three times yesterday on what she claimed were points of order. The Rules of the House demand that if another MP calls for the point to be put in writing, that must be done by the person raising the point. The call was made on each occasion but Mrs. Browne Evans ignored it each time.

● While Mr. Ralph Marshall was making a speech he could hardly be heard because of the shouting, joking and interruptions of his own colleagues. (The din is routine, but usually created by an MP's opponents)

● At one stage Mr. Walter Roberts changed track five times in one sentence, leaving a reporter with a com-

pletely unintelligible short-hand note. (Few of the MPs manage to string together a grammatically-correct sentence, but Mr. Roberts is the worst offender.)

● So many MPs are out of the House during the day, in the coffee room being friendly or elsewhere, that when they return they rise to ask questions and make points that were answered while they were absent.

● At one stage there were only 11 of the 40 MPs in the House to see that the business of the people of Bermuda was being properly conducted. (MPs are paid a minimum of \$12,650 a year. The House meets for less than 30 sessions a year.)

Sometimes it's the best entertainment in town. See you there next week, same place, same time!

CSO: 3298/752

WEALTHY GET BREAK IN NEW LAND TAX SYSTEM; PLP PROTESTS

Hamilton THE ROYAL GAZETTE in English o Jul 83 pp 1, 3

[Text]

Owners of the most expensive homes in Bermuda will be paying up to \$6,600 LESS in land tax because of the recent change in annual rental values (ARVs).

A survey of 120 homes in exclusive Tucker's Town shows that only one owner will have to fork out more cash to Government. And all of the 53 luxury homes on Trimingham Hill that were surveyed will get smaller bills than last year.

Finance Minister the Hon. David Gibbons admitted last night that owners of the top five percent of properties — some of the wealthiest people on the Island — will nearly all pay less tax.

Owners of the next twenty percent down in the ARV ranges would face the biggest increases in land tax.

The response of the opposition Progressive Labour Party (PLP) to the startling news was a predictable: "We told you so!"

They have consistently argued that land tax penalises most severely those least able to pay. The new figures appear to support their claims.

One Tucker's Town house that previously had an ARV of \$52,440 now has a value of \$84,000. Its land tax has dropped from \$12,061 to \$5,460, a difference of \$6,600. Scores of wealthy owners will see their bills drop by \$2,000 to \$3,000.

Mr. Gibbons confirmed that owners of the Island's top-valued properties would get the biggest reductions in land tax. But he stressed that they were people who had been paying a disproportionate amount in the past.

"This will make things fairer all round."

He said that when ARV's were last fixed more than five years ago, rent control had not been taken into account. Houses outside of rent control had been given very high ARVs and so owners had paid large land taxes compared to those who owned controlled properties.

Mr. Gibbons said in his Budget earlier this year that land tax bills would increase by an average of 15 percent. During last week's debate on land tax legislation he said that 50 percent of people in the lower bracket would get tax reductions, those in the next 25 percent would be faced with modest increases but warned that the 25 percent of the owners in the top bracket would face increases of up to 30 percent.

But yesterday Mr. Gibbons said that while it was true that the top bracket would generally be paying more, the top five percent would actually get smaller bills.

Last night PLP spokesman Senator David Allen said that his party had not known about the tax reductions. He said: "The Opposition has long believed that there is not enough progressiveness in the tax system. We have long complained that the tax system is regressive."

Mr. Allen said that the party would not be pleased to hear about this and added, "We knew that the promised changes to the ARVs would be only cosmetic and that the brunt of the taxation would fall on middle class, single home owners.

"In some cases Bermudians over 65 up in Tucker's Town will not only be getting this reduction but will receive additional exemptions for \$20,000 worth of their property because of the new ceiling. That doesn't seem fair."

● Twenty-one fewer houses are eligible to be sold to foreigners as a result of the new ARVs.

The changes mean that 98 house-owners are no longer eligible to sell their homes to non-Bermudians.

And 75 homes which were previously ineligible can now be sold. This brings the total of houses available to non-Bermudians to 232, a drop of 21 from the November 1982 level.

CSO: 3298/752

MAY TOURISM SHOWS DOWNTURN FOR SECOND STRAIGHT MONTH

Hamilton THE ROYAL GAZETTE in English 26 May 83 pp 1, 3

[Text]

For the second consecutive month Bermuda's tourism industry has slumped, despite optimistic predictions by the Hon. C.V. (Jim) Woolridge, Minister of Tourism.

The Royal Gazette understands that for the first three weeks of May, tourism was 22 percent down on last year. Visitors arriving by air dropped 10 percent, while the number of cruise ship passengers was dramatically lower.

The news of the downward trend came the same day that Government released tourism figures for April, confirming a Royal Gazette report last week that tourism was down by as much as 14 percent.

The Department of Tourism in a Press statement yesterday said the total number of visitors arriving in April dropped 13.2 percent from the year before to 50,112. The level of regular visitors remained strong with 44,002

tourists arriving during the month by air, down only 5.3 percent.

But it was in the cruise ship industry that the greatest loss was experienced with a whopping 45.8 percent drop in cruise passengers for the month of April.

"This is due to the cruise ships Volendam and Veendam beginning their cruises in May this year instead of April, the previous pattern," said the Tourism statement.

The Royal Gazette also understands that Holland America Cruises (HAC) — which owns both cruise ships — has not indicated to Government its intentions for nextyear. HAC has also put up for sale both the Veendam and Volendam, and Government is now pressing the company to reveal its plans for 1984 so that additional cruise ships can be found if necessary.

Acting Director of Tourism Colonel Anthony Marsh could not confirm May's figures, but the

Tourism statement indicated that hotel occupancy projections for the month were down marginally from last year.

"I can't confirm that the figures are down. I haven't seen them yet," said Colonel Marsh. "We do get them on a weekly basis, but I haven't really looked at them."

The April and May declines in tourism are not reflected in tourism figures for the year so far. For the first four months of 1983 there have been 118,346 visitors, an increase of 4.7 percent over the same period in 1982, which turned out to be a poor year for tourism.

Projections for June and July show increased occupancy levels at the Island's hotels, which are expected to be 79.1 percent full for the month of June, up 4.1 percent from the year before. And July projections show 45.7 percent occupancy, up marginally from the same period the year before when the hotels were only 42.9 percent full.

CSO: 3298/753

BRITISH TRADE REP FROM NEW YORK PROMISES CLOSER LINKS

Hamilton THE ROYAL GAZETTE in English 7 Jul 83 p 17

[Text]

BERMUDA should receive regular "working visits" from officials of the British trade development office in New York.

That is the view of its deputy director, Bob Lowe, and one which he will commend to his chief, director general Hugh Overton.

Mr. Lowe left the Island at the weekend after a five-day visit devoted almost entirely to meetings with private businessmen. He described his stay as a working visit — the first of its kind for several years — and said that Mr. Overton's trip here last year was purely to establish contact.

"I received firm expressions of interest from hoteliers and retailers in 11 groups of consumer goods," said Mr. Lowe. "These ranged from china and linen to paper towels and hardware. The enquiries will be fed in to our computer in the UK which will churn-out the names of British suppliers who will then be told of the interest in Bermuda and will

contact the potential customers here giving product details and quotes."

"The response I received indicates a sufficient level of interest in British products to warrant an annual visit," he added.

The official said the New York office had tended to "neglect" Bermuda because civil service staff cuts had restricted promotional activities outside the US.

Mr. Lowe said he was "reasonably satisfied" with the present market penetration of British goods here. These accounted for imports worth \$35.1 million in 1981 making the United Kingdom Bermuda's second largest non-oil trading partner after the US.

But he pointed out: "I am a little unhappy with the car situation in Bermuda and the fact that comparatively few British vehicles are sold. However, with the pound at its present favourable level we should be able to do more business with the Island's importers."

CSO: 3298/753

BRIEFS

ELECTION PETITION DENIAL--An attempt to have the last General Election declared null and void was finally disposed of yesterday with the dismissal of an outstanding petition. The Chief Justice the Hon. Sir James Astwood had on May 11 rejected the move by 26 unsuccessful Progressive Labour Party candidates and six people representing constituencies in which the Opposition won seats. He ruled that the petitioners had not followed the correct procedures in contesting the validity of the election on February 3. Yesterday Mr. Julian Hall, asked for the withdrawal of a petition because it duplicated one of four petitions which were dismissed by the Chief Justice. Sir James dismissed the action and awarded costs to United Bermuda Party MPs represented by Mr. Narinder Hargun. [Hamilton THE ROYAL GAZETTE in English 8 Jun 83 p 1]

NEW CABINET SECRETARY--Mr. Kenneth Richardson, Permanent Secretary for Home Affairs since 1976, was appointed Secretary to the Cabinet yesterday by Acting Governor Mr. Mark Herdman. The \$60,000 appointment will begin on January 19, 1984, when the present Secretary to the Cabinet, Mr. W. James Williams, retires. Mr. Richardson, who has been employed with the Bermuda Government for more than 18 years, will take up the post in an acting position when Mr. Williams goes on retirement leave in October. [Hamilton THE ROYAL GAZETTE in English 17 Jun 83 p 1]

CURB ON TOURIST UNITS--The Tourism Department will no longer be approving applications for conversion of houses into tourist units except in exceptional circumstances, the Hon. C.V. (Jim) Woolridge, Minister of Tourism, revealed in the House yesterday. He said that the move comes because of the housing shortage. From now on, those who apply to the Tourism for permission to turn properties into tourist units must abide by certain criteria. The property must be near a beach and other tourist areas. In addition, Mr. Woolridge said: "It must have some on-site recreational facilities, such as a swimming pool, nice gardens, a patio or sun terrace." Only applications for a maximum of six double beds will be considered. Mr. Woolridge also revealed that the moratorium on construction of new hotels would be continued for the next five years. The Tourism Department, he said, would be encouraging hotels and guest houses to improve facilities and to strive for higher occupancy levels year-round. [Hamilton THE ROYAL GAZETTE in English 18 Jun 83 p 1]

ELECTRIC COMPANY DAMAGE--It will take five months and more than \$1 million for Swiss engineers to repair the Bermuda Electric Light Company electrical annex

devastated by fire last month. Belco General Manager Mr. Alf Oughton said that engineers arrived yesterday to begin work on equipment destroyed by the fire that swept through the annex located in Pembroke on June 22. "They are already on the job, and will carry out a study to establish what got damaged in the fire," said Mr. Oughton. "The producers of the equipment we use have said they will work around the clock manufacturing replacement equipment. We should be back in full operation within five months." Mr. Oughton said that the cost of repair to the damaged plant would run "in excess" of \$1 million. No cause of the fire has been determined, though an electrical fault is suspected. The fire that swept through the plant early on the morning of June 23 caused blackouts throughout the Island, and brought Belco's operation to a virtual halt. Mr. Oughton said that the utility company should be able to cope with peak summer electricity demand if there are no major breakdowns in generating equipment. Maintenance crews at Belco were working double shifts keeping generating equipment in peak condition to avert any possible problems, said Mr. Oughton. [Hamilton THE ROYAL GAZETTE in English 2 Jul 83 p 10]

CSO: 3298/753

IMPORTANT ROAD PROJECTS UNDERWAY**Road Between Sorata and Mapiri**

La Paz EL DIARIO in Spanish 30 Jun 83 p 6

[Text] 29 June--Residents and peasants from Conzata and Mapiri are pleased because the promises made by departmental prefect Baldomero Castel during his visit to Conzata with respect to the Sorata-Conzata-Mapiri road were not only kept, but in addition, there was an increase in the number of workers, technical personnel, tools and machinery.

The fact that the prefect adhered strictly to his word in stepping up work on the road served as an incentive and good example in promoting a spirit of cooperation and hard work of peasants and residents participating actively in the project. The road will be of great benefit to the entire region and will be a nucleus for diversifying the economy of that rich zone, which produces grain, fruit and farm products that are taken to centers of consumption in the city of La Paz. Larecaja Province is a major supplier of food.

The intensification of the work is due to the sustained efforts of prefect personnel, who, in a month of work, progressed 2 kilometers despite the geological conformation of the area. The totally rocky nature of the terrain hinders work, makes it more expensive and therefore, requires large quantities of dynamite and good drilling machinery. This must be accompanied by a large dose of patriotism and a spirit of self-sacrifice.

Work has now progressed beyond Lecosamana (roadhead) and is moving toward Pututuni.

Prefect personnel working on the project so deserving of public recognition include: Justo Suarez, project director; Jesus Stroebe, administrator; and Humberto Facio, mechanic, along with 30 magnificent workers.

The head of the project told us that if there is more economic and personnel support, the work may be completed before the end of the year, reaching the banks of the Bagante River in Mapiri.

Farmers, peasants and residents of settlements along the road between Sorata, Tintilaya, Quiabaya, Tacacoma and Conzata expressed their joy at seeing heavy equipment and groups of workers arrive in their area.

They said that with the resumption of the work, progress will reach all of Larecaja Province, for the road will provide access to Guanay, Tipuani, Caranavi and Teoponte, a much shorter distance than through Coroico.

Potosi-Tarapaya Paving Project

La Paz PRESENCIA in Spanish 24 Jun 83 p 7

[Text] Potosi, 23 Jun--"This project is of regional, national and international importance because it will be part of the Lima-La Paz-Buenos Aires route and will be connected with the Jaime Mendoza cut linking Uncia, Sucre and Muyupampa," said the president of the Regional Development Corporation of Potosi (CORDEPO), Gil Villegas Michel, in speaking at the ceremony at which the agreement was signed for construction of the paved section running from this capital to the resort area of Tarapaya.

The signing of the contract between CORDEPO and Bartos, Ltd. took place on Thursday, at a solemn ceremony held in the drawing room of the National Palace. The ceremony was attended by district officials, representatives of the Plata (River) Basin Financial Fund and the deputy director of the National Roads Service, as well as officials from the departmental Comptroller's Office.

Villegas Michel said that "this historic site in Potosi was chosen because the signing of the contract for the 21-kilometer-long road between the Imperial City and Tarapaya is also historic and of far-reaching importance in the history and development of the district."

Agreement

Following the Potosi anthem, the contract was signed establishing the period of 24 months and the cost of \$8.85 million for modernizing the road section in question. Earthwork has been done in years past by the 5th Battalion of Engineers of the army.

Financing was granted by the Plata (River) Basin Financial Fund, which gave \$7.5 million, while the Development Corporation is investing \$1.75 million as a local contribution.

The legal adviser to the Development Corporation, Dr Dehery Prieto Melgarejo, described the background of the financing and awarding of the project and recalled that "in May 1982, the construction contract was awarded. In July of that same year, the contract for the work was granted to Bartos, which action was legalized through the supreme decree of 17 September 1982. There were subsequent problems, however, because of the new rate of exchange with the dollar."

He also mentioned negotiations between the contractor and contracting party, which negotiations led to a direct understanding and the signing of the contract.

Villegas Michel told of the Bartos Company's willingness to come to an agreement on the project, especially since the city of Potosi is now going through a serious water shortage.

He also said that "there is no lack of defeatists and pessimists among our people, but they are the fruit of irregularities of de facto governments, since we have always proceeded with complete rectitude and honesty."

While the contract specifies that the divided road will be completely paved in 24 months, Jorge Bartos said that "if there are no significant problems, the highway can be completed in 18 months.

"Immediately following the signing of the formal contract for the initiation of work, the machinery will go into place and we believe that work will be completely underway by August," Bartos said.

For his part, the president of the Potosi Civic Committee, Mario Hurtado Ibanez, said that "today we enter a new phase in the life of a nation, when construction of this roadway takes on extraordinary importance. This is the first paved road Potosi will have and it will be the beginning of a series of achievements, thanks to the participation of the people of Potosi," he emphasized.

The signing ceremony was also attended by trade union and civic leaders and professional people. It was stated that the region of Tarapaya will benefit from the enormous multiplying effect of the road, consisting in greater farm production, urbanization, tourism and the establishment of settlements.

It is claimed that the Imperial City will become an administrative and tourist center, while Tarapaya, with its two-way paved section, will be something like a constantly progressing suburb.

11,464
CSO: 3348/553

DROUGHT-RELATED CRISIS PUTS GOVERNMENT ON DEFENSIVE

Potosi Asks Government Attention on Problems

La Paz PRESENCIA in Spanish 8 Jul 83 p 7

[Text] Potosi, 7 Jul--A 48-hour strike in this capital, called by the Potosi Civic Committee (COMCIPO) because of the seriousness of the water crisis and growing concern in most of the 15 provinces over food scarcities stemming from the drought, reflects the tense and even explosive picture in this department which, as never before, has been beset by natural disasters.

In a vehement and fiery assembly of delegates, the civic group ordered a total suspension of activities on Thursday and Friday, 7 and 8 July, and repeated the urgent request for an immediate change in the prefect of the department, the mayor and the manager of the agency which handles water distribution. Harsh criticism was also expressed of the minister of defense and president of the National Civil Defense Committee because of his lack of interest in Potosi's problems. "Minister Jose Ortiz Mercado discriminates against Potosi and is creating regionalistic attitudes because of his lack of fairness and understanding," said representatives of the institutions.

At the same time, COMCIPO demands dissolution of the departmental civil defense committee, arguing that it has no interest in solving district problems and that its funds should go to the development corporation for timely, planned use. The civic assembly also resolved to grant maximum support to the executive water committee so that it would provide adequate technical solutions to the water shortage.

Another resolution indicates that the people of Potosi will not recognize the agreement made between AAPOS [expansion unknown] and ENFE [National Railway Enterprise] for the hauling of water in tank cars since the railroads are covered by the order issued in April declaring Potosi to be an emergency area and that all government agencies should help overcome the crisis.

Desperation

Because of a lack of coordination, the civic entity states, there is now almost a total lack of water, due to the fact that ENFE ordered suspension of the use of tank cars and because no plans were made to use water from the Illimani

Lagoon. The latter has a flow that could provide rationed use until 15 August. This coincidence of problems has caused desperate housewives to go out into the streets, blocking major thoroughfares and engaging in protest demonstrations in an attempt to get local and national authorities to show greater concern and even compassion for the city.

With the fever running high, the civic committee was forced to call an assembly at which there were harsh words for regional authorities. According to observers, there was no lack of political wrangling in the government front, which, not only nationally, but on the district level as well, reflects in-fighting, contradictions and disagreement.

Nevertheless, housewives, who care only about getting enough water to get through the day, are clamoring for solutions to the problem and are asking local and national officials to join efforts to overcome the city's emergency.

Lines, crowds and fights have become the daily faire and every person has to devote many hours a day to the anguishing search for a bucket of water, which now more than ever "is worth a Potosi."

Amidst the current desperation, the YPFB [Bolivian Government Oil Deposits] announced, through its manager for the southern region, German Villarroel, that the La Palca aqueduct to this city, which will provide 40 liters a second, will be completed by 10 August and will be the emergency solution that will surely calm the tension of recent days.

Provinces

The situation in the provinces affected by the drought is also serious and the concern centers on the scarcity of food, since crops and livestock in the Altiplano have been lost.

Furthermore, if the northern area of Potosi, Los Lipez, Chayanta and other rural areas do not soon receive adequate food aid, massive reactions can be expected and may even lead to group exoduses to the cities.

The National Defense Committee is being asked not to discriminate against Potosi and to send aid as soon as possible to provinces affected by the terrible drought.

The department, with 15 provinces, has an area of 118,218 square kilometers and a population of over 700,000 inhabitants. At the present time, if the capital, suffering from the extreme shortage of water, and rural areas, hit by the tremendous drought, are not soon given help and real support, they will become a time bomb, which is not good for the government or the country, a time bomb that could explode with grave social, human, economic and even political results.

Within such a picture, the 48-hour strike in this city is total and housewives are trying to get water from the tanks scheduled for the neighborhoods.

New Aqueducts To Bring Water to Potosi

La Paz PRESENCIA in Spanish 8 Jul 83 pp 1, 10

[Text] The government announced last night that before the end of the month, two new aqueducts will go into operation, temporarily normalizing the water supply to the city of Potosi.

During a break in the Cabinet meeting, Minister of Housing and Urban Affairs Jaime Ponce Garcia rejected accusations from Potosi to the effect that there is "governmental neglect" in solving the problem of Potosi. On the contrary, he said, the Executive Branch has done everything possible and is giving top priority to that city's drinking water supply problem.

Ponce Garcia said that the new aqueduct between La Palca and Potosi, 17.5 kilometers long, will go into operation before 31 July -- that is, ahead of schedule. The government has granted the YPFB nearly \$1 million for construction of the aqueduct.

The aqueduct will permit the transport of up to 40 liters of water per second, directly to the central distribution tank of Potosi.

In addition, work is nearly finished to bring water from the La Palca-Potosi gas pipeline. The line, possible because it had not been previously used, will bring an additional 6.4 liters of water a second.

In the meantime, the National Railway Enterprise to resume hauling water in its tanker cars. That service was almost completely paralyzed in recent days because of lack of payment.

The government has also asked three private and two public enterprises to present proposals for cleaning the lagoons near Potosi so as to be able to store water during the coming rainy period.

In addition to meeting the emergency, the minister said, the government is seeking final solutions through the construction of a new water catchment system. Three possibilities have been identified. As soon as approved by a special Interamerican Development Bank mission, the government will ask for bids on a technical study for the design of the new system, which will use waters from the Chiracoro, San Juan or Jatunmayo rivers.

The new water catchment system for Potosi could go into operation in 2 years.

Minister Ponce Garcia said that the Potosi problem has been aggravated recently by the scarcity of bread and other food products.

"The water crisis in Potosi persists and we have to recognize that the situation is delicate and difficult. However, the government is working in a responsible fashion," he said.

Civic Committee

In a telephone conversation from Potosi last night, leaders of the Civic Committee of that city told PRESENCIA that the first day of the strike went off without incident.

"There is a just attitude of protest and discontent because, contrary to official reports, the people of Potosi feel that they have been abandoned and that the government is not handling the problem with the proper responsibility," said Walter Cortez, vice president of the Potosi Civic Committee.

He called the suspension of water hauling by the railroad "criminal and anti-national" and that the people of Potosi will not allow ENFE to charge "commercial rates."

He added that, in addition to the water problem, "there is a long list of other problems and proposals on which there can be no waiving, due to which the people of Potosi are in a constant state of emergency and mobilization."

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CSO: 3348/553

PAPER SAYS UNCTAD VI CONFERENCE INSENSITIVE TO THIRD WORLD

La Paz HOY in Spanish 7 Jul 83 p 2

[Text] Two things now separate nations: One is the technological capabilities of one group compared with the other. The other has to do with underdevelopment and dependency. Efforts made by poor nations to increase their income, build up savings and achieve sustained development have turned into a myth by virtue of relations with rich, industrialized countries.

While the Sixth UNCTAD Conference offered the hope, not only of aid and comprehension, but also of understanding between great contingents of the human population practically separated by economic and financial gaps, in order to achieve peace and stability in the world, the UNCTAD meeting demonstrated once again that there is no worse deaf person than the one who refuses to listen. In this case, the side reluctant to accept major agreements was that of the "haves." Rich countries defend their selfishness on the basis of the dependency of others.

Little is achieved in relations based on problems of morality and justice, as history has always shown. The poverty of some nations is used as an instrument to build the fortunes of others. Being a producer of raw materials is to become dependent on the market, cheap production. The sibylline play on words that distorts realities in order to create apparently valid artifices is an excuse. But in the life of nations, it is an eternal truth, as is well known by the vast majority of nations which work to subsist and which feed on the vain illusion of development. For some, the world is now going through a recession; for others, it is a crisis and change is essential.

The crisis is very different when individualized instead of being universalized. A power can be concerned with its immediate problem, but to resolve it is, to a great extent, to forget the multiplying, negative effects on a whole group of countries which, because they do not have the technology or capital, wallow in ever greater backwardness and dependency.

This time, the Sixth UNCTAD Conference has demonstrated, with the frustrating meeting in Belgrade, that Third World countries -- which may as well be in the Fourth or Seventh World, based on their inferior economic conditions -- have to make a different type of effort. Let us state quite clearly: If they do not unite, if they do not work together toward a policy of recovery, then

they will continue to be instruments contributing to the ever greater potential of industrialized countries. Nor do we make ideological distinctions in this evaluation.

The claim -- which turned out to be empty -- of "improving and reforming mechanisms and institutions in order to relieve the crushing foreign debt, will not have and has not had the slightest influence. No rich country will stop exercising discriminatory protectionism, even if there had been an apparent consensus. Poor nations will be governed by free commerce on markets, which only favors the rich because it is not applied equally. Suffice it to say that prices on raw materials will be dictated by cartels of compradores. Far from obtaining any future increase in prices, they will only decrease and further impoverish the poor countries.

Let us repeat that only the unity of the poor will offer any possibility in the future of achieving a better balance and prospects of economic improvement.

11,464
CSO: 3348/553

DECREE CREATING NATIONAL ENERGY COMMISSION APPROVED

Havana GRANMA in Spanish 10 Jun 83 p 2

[Decree of the Council of State, issued in Havana on 9 June 1983]

[Text] I, Fidel Castro Ruz, president of the Council of State of the Republic of Cuba,

Let it be known: that the Council of State, in the exercise of the powers that have been conferred on it, has approved the following:

Whereas: In compliance with the guidelines of the resolution of the Sixth Plenary Session of the party Central Committee, which called on all our people to celebrate the 30th anniversary of the attack on the Moncada Barracks with a greater production effort and more active participation in the defense of the socialist fatherland, the government has drafted the program of measures to guarantee the socioeconomic objectives for 1983.

Whereas: Approved by the party Politburo and the Executive Committee of the Council of Ministers as the sole guide for the party, the state and the other organizations, the program among other measures proposes "to constitute a national energy commission based on the experience gained in the effort realized by the Technical Advisory Group on Energy, created in 1979 and assigned the mission of establishing a national energy policy with recommendations and concrete proposals on efficient utilization, conservation, research on and development of energy resources and of supervising and directing the action program the agencies of the Central State Administration, the local organs of the People's Government and the provincial commissions for the conservation of energy as well as the municipal-level commissions will have to develop to carry out said energy policy."

Therefore: In the exercise of the powers conferred on it in Paragraph c of Article 88 of the Constitution of the republic, the Council of State resolves to decree the following:

Executive Decree Number 70 of the National Energy Commission

Article 1. Under the authority of the Council of Ministers, the National Energy Commission is hereby created. The commission will be responsible for proposing

the national energy policy to the government, along with recommendations and concrete proposals for the efficient utilization, conservation and research on and development of energy resources, for directing the action program that is drafted for these purposes and for coordinating the effort which the agencies of the Central State Administration, the local organs of the People's Government and the provincial and municipal commissions for the conservation of energy will have to develop in the energy sector.

Article 2. The National Energy Commission, hereinafter referred to as the Commission, will be composed of a chairman, an executive secretary and the following members:

a. A vice chairman or vice minister from each of the following agencies:

Central Planning Board
State Committee for Statistics
State Committee for Standardization
Cuban Academy of Sciences
Ministry of the Revolutionary Armed Forces
Ministry of Foreign Trade
Ministry of the Sugar Industry
Ministry of Agriculture
Ministry of Construction
Ministry of Higher Education
Ministry of the Food Industry
Ministry of Basic Industry
Ministry of Light Industry
Ministry of the Steelworking Industry
Ministry of Transportation.

Representatives of other agencies of the Central State Administration or local organs of the People's Government may be invited to attend Commission meetings subject to coordination with the heads of same.

b. A representative from each of the following agencies:

The Office for the Administration of Local Organs of the People's Government Affairs
The Executive Secretariat for Nuclear Affairs.

On the recommendation of the Commission, the Council of Ministers may decide on the incorporation of representatives of other state agencies and organizations as full members.

Article 3. The chairman of the Commission will be that member of the Executive Committee of the Council of Ministers decided on by the president of the latter, who will also appoint the executive secretary on the recommendation of the chairman of the Commission and the remaining members on the recommendation of the heads of the agencies and organizations in question.

The executive secretary will permanently devote himself to the work of the Commission.

Article 4. The Commission may invite representatives of departments of the party Central Committee, the National Assembly Committees of the People's Government, departments of the Central Organization of Cuban Trade Unions and other organizations to participate in its meetings.

Article 5. To achieve its objectives the Commission will, in addition to those provided in Article 1, have the following primary powers and functions:

a. To draft and propose to the government, together with the Central Planning Board and in coordination with other Central State Administration agencies, the country's overall program for the development of energy on the basis of studies conducted by specialized organs, including those sectors backed by the Commission itself.

b. To participate in the formulation of long-term, 5-year and annual energy development plans.

c. To participate in the evaluation of the demand [for energy] and issuing standards for conforming to appropriations for fuels, lubricants and electrical energy, seeing to it that the policy of conservation and efficient use of energy is applied to them.

d. To, within the scope of its powers and authority, dictate regulations, resolutions and other compulsory compliance provisions for the other agencies and their departments, the cooperative and private sectors and the population.

e. To formulate annual programs of measures concerning the conservation and efficient use of energy and to exercise its control over them.

f. In connection with the administration and planning of the efficient use of energy, to participate in:

the creation and application of a general system of planning, information and control over the consumption of energy and of efficient utilization of energy sources, in terms of the balancing and planned production of the most important equipment and materials for the efficient use of energy as well;

the scientific and technical effort and the formulation of annual and 5-year science and technology plans in the energy sector;

the formulation and evaluation of projects and selected investments with a view to optimizing the form of energy to be exploited and its consumption.

g. To promote and participate in the creation by the authorized agencies of systems of incentives and sanctions designed to conserve and make efficient use of energy.

- h. To annually completely analyze the effort, with respect to the conservation and efficient use of energy, fuels and lubricants, realized by those Central State Administration agencies and local organs of the People's Government selected by the Commission.
- i. To promote at all levels the drafting of technically based standards of energy consumption per production and service unit.
- j. To promote the drafting of standards for the proper storage and handling of fuels and lubricants.
- k. To promote the establishment of competitive systems at the levels of the provinces, municipalities, cities, workplaces and at others which will tend to promote an efficient effort in the energy sector and to cooperate with the Central Organization of Cuban Trade Unions and other organizations in the Establishment of competitive systems.
- l. To promote the widespread publicization of the measures to be applied for the conservation and efficient use of energy.
- m. To draft, evaluate and propose to the government the legal instruments that will contribute to regulation of the energy sector and to promote the most efficient use of energy.
- n. To orient and coordinate Cuban participation in international events and organizations concerned with the energy domain.
- o. To make recommendations to the government regarding the proposal of plans for the development of personnel in the energy sector in coordination with the Ministries of Education and Higher Education.
- p. To keep watch over the effectiveness of the statistical data system in the energy domain, especially as concerns the conservation of energy.
- q. To keep watch over the appropriate use, effectiveness and improvement of scientific and technical information in the energy domain.
- r. To provide the necessary documentation and information for keeping up to date on technological development and worldwide tendencies in the utilization of energy resources.
- s. Any others which the Council of Ministers, its Executive Committee and its president may assign it.

Article 6. The Commission will exercise its powers and functions basing itself on actions to be engaged in in two operational departments that will be created for that purpose and subject to the authority of the chairman of the Commission: the Energy Technical Affairs Department and the State Energy Inspection Department.

The specific functions, including the imposition of fines and other administrative sanctions as well as organizational arrangements and the setting of limits on the number of workers in order to shape the responsible permanent personnel in the sectors referred to, will be approved by the Council of Ministers Executive Committee.

Special Provisions

1. The provincial commissions for the conservation of energy and the commission for the Special Municipality of the Isle of Youth will be created or confirmed by the respective local organs of the People's Government in coordination with the National Energy Commission and will be subject to two authorities: regulatorily and methodologically to the National Energy Commission and administratively to the appropriate executive committee of the provincial organ or the above-mentioned special municipality of the People's Government.

The municipal commissions for the conservation of energy will be created or confirmed by the respective municipal organs of the People's Government in coordination with the provincial commission for the conservation of energy and will be subject to two authorities: regulatorily and methodologically to the provincial commission for the conservation of energy and administratively to the executive committee of the municipal organ of the People's Government.

The National Energy Commission will approve the chief powers and functions of the commissions for the conservation of energy and their relations among themselves and with the National Commission.

2. The National Energy Commission will have the authority to create temporary work groups in which specialists from agencies and institutions will participate in coordination with their administrations to conduct specific technical and economic studies for given periods of time.

Temporary Provisions

1. Within the 15 days following the publication of this executive decree in the GACETA OFICIAL DE LA REPUBLICA, each agency, institution or organization referred to in Article 2 will inform the Council of Ministers Secretariat as to the name of the comrade nominated for membership in the National Energy Commission.

2. Within a period of 90 days from the time of its constitution, the National Energy Commission will present a draft of its bylaws to the Council of Ministers Executive Committee for its consideration.

3. Within a period of 120 days from the time of its constitution, the National Energy Commission will present to the Council of Ministers Executive Committee its bylaws, functions, organizational arrangements and the limits set on the number of workers in order to shape the responsible permanent personnel for the State Energy Inspection and Energy Technical Affairs Departments.

Final Provisions

1. Once the National Energy Commission is constituted, the Technical Advisory Group on Energy will be considered to be dissolved and any obligations or rights that it may have contracted or acquired will be transferred to the said Commission.
2. The Council of Ministers is authorized to dictate any complementary provisions it may consider necessary so that the provisions of this executive decree may be better complied with.
3. Any legal and regulatory provisions that oppose compliance with the provisions of this executive decree, which will go into effect as soon as it is published in the GACETA OFICIAL DE LA REPUBLICA, are declared null and void.

Issued at the Palace of the Revolution in the City of Havana, 9 June 1983.

Fidel Castro Ruz

11,466
CSO: 3248/1048

INTERNATIONAL TOURISM IN COUNTRY INCREASES 30 PERCENT

Havana GRANMA in Spanish 1 Jun 83 p 3

[Article by Orlando Gomez]

[Text] Cuban international tourism has increased approximately 30 percent in 1982 in relation with the previous year, said Jorge Debasa, CUBATUR's director general, in a press conference that included journalists from more than 20 countries covering the CUBATOR '83 Travel Trade Show's fourth convention in Havana.

This event, which will begin today at 11 am in the convention center with the motto "June in the Caribbean," has grown to such proportions that it already attracts the attention of international touristic commerce every year. The fact that 800 delegates from 32 European and American countries attended the convention proves this. According to Debasa, this figure had never before been reached.

CUBATUR's director general explained how on this occasion his firm would sign more than 20 contracts with travel organizations and agencies from Latin America and the Caribbean. Latin American and Caribbean attendance was of great importance in the meeting, considering that there are a multitude of tour organizers, travel agents, airline representatives and journalists who specialize in tourism and come from Mexico, Panama, Venezuela, Ecuador, Argentina, Brazil, Columbia, Peru, Nicaragua, Costa Rica, Grenada, the Dominican Republic and Suriname.

Debasa pointed out the steady increase in Mexican tourism to Cuba, not only due to greater hotel facilities that have been inaugurated in the last few years in Varadero, Guardalavaca, Cienfuegos, Cayo Largo and many other places in the country, but also thanks to the convenience of using their national currency in every touristic center involved in this plan with its sister nation. He also referred to the air routes inaugurated by "Cubana de Aviacion," such as Paris-Havana and future ones from the FRG and Milan to Havana. To this must be added others which have existed for some time, like Montreal-Havana and Madrid-Havana. He stressed that several international airlines fly directly to Varadero.

CUBATUR's director general said that in COTAL's (Latin American Tourism Confederation) last congress held in Bariloche, Argentina, Cuba suggested to the participants that Cuba should be chosen as the seat for the next meeting of COTAL in 1984 and of the Tourism Exchange in 1985, a proposal strengthened by the recent constitution in the country of the Cuban Association of Touristic Firms (national or regional) at which international tour organizers residing in Cuba were present as well. Debasa himself was elected president of this touristic organization.

The fourth CUBATUR '83 Travel Trade Show will end next Sunday, 5 June, after useful discussions and agreements, commercial contracts and expositions on international tourism. The 800 delegates visiting us have reaffirmed the idea that Cuba can become a strong focal point for tourism with varied perspectives and marked importance for fraternal interchange between the peoples of the world.

12381
CSO: 3248/958

'CHALLENGER' LINKED TO REAGAN'S PLAN FOR 'COSMIC WAR'

Havana GRANMA in Spanish 10 May 83 p 2

[Commentary by Roberto Alvarez Quinone]

[Text] Another important step in the development of U.S. plans to militarize cosmic space concluded with the recent flight of the shuttle "Challenger." It had four crew members on board that stayed in orbit for 5 days.

The aforementioned plans were openly proclaimed by President Ronald Reagan last 23 March, when he proposed in spectacular fashion a system of cosmic "superweapons" to render obsolete today's known nuclear weapons.

Although such irresponsibility announced by the highest official of a powerful nation himself alarmed many people, in reality Reagan did nothing but give an official character to--state in a clear way--plans that the Pentagon had been elaborating for some time to militarize cosmic space as soon as possible and thus to obtain military supremacy over the USSR and put all the peoples of the world on their knees: to Yankeeize the planet.

In other words, the Pentagon has been preparing a space war for some time, a space war that is indeed an old Yankee dream that emerged with the cosmic era itself in the 1950's.

The "Challenger" is a twin sister of the shuttle "Columbia" (which has already made several trips) and is the latest of a whole program for the militarization of the cosmos that is called "space shuttle."

The first two prototypes of this system are the Columbia and the Challenger. These are ships that can make several cosmic flights. Using such ships as the "Challenger," the Pentagon plans to put platforms in space with antimissile weapons equipped with laser rays and rockets, to place antisatellite mines and deploy big aggressive antimissile systems. They are also thinking of using the shuttles as cosmic bombers loaded with nuclear warheads.

At first, the Washington government tried to pretend that the space shuttles would have exclusively scientific missions, but lately, in its bellicose hysteria, the administration has been openly saying that the shuttles constitute

the backbone of the program for the militarization of the cosmos. Last year, Caspar Weinberger ordered the Air Force to develop space weapons capable of eliminating Soviet satellites by 1985.

The American press reflects on a daily basis the militarization of NASA, the National Air and Space Administration, whose new second-in-command, Hans Mark, (ex-secretary of the Air Force), has publicly stated that "the military payloads into space by the shuttle craft are of the utmost necessity." He has also said that for this reason, scientific space programs have been cut back to give priority to the military programs.

Ronald Stivers, who is an aide to the undersecretary of defense for political affairs, said recently that "whoever can control space will be able to have the whole terrestrial globe in their sights. We must never forget this."

And if the head of the White House himself proposes to militarize the cosmos, it is not in the least surprising that senior officials are discovering projects for the creation of cosmic laser ray weapons and particle beams to destroy Soviet intercontinental missiles as they are being launched, to put in orbit supposedly invulnerable command posts or even to set up atomic military installations on the moon.

The Agency for Advanced Defense Research Projects is working on a project called Alpha, which consists of a very powerful chemical laser weapon, on the project LODE or optical aiming system and the Talon Gold project, a detection system. It is also working on weapons based on electron beams that move at speeds close to that of light to destroy intercontinental missile warheads.

It is precisely with Columbia and Challenger that these weapons are planned to be deployed in orbit. The biggest consortiums of the military-industrial complex are participating in this project, which will cost the Pentagon \$60 billion by 1990. In all, this program will cost \$300 billion to the American taxpayer who nevertheless see the government's social programs being reduced.

Thus, it is clearly observable that the Pentagon is not preparing a "Star Wars" style movie like the Hollywood ones, but a real space war that could put an end to our planet.

12381
CSO: 3248/958

SYMPOSIUM ON SITUATION IN COUNTRY HELD IN FRG

Havana GRANMA in Spanish 18 May 1 83 p 5

[Text] Bonn; 17 May (PL)--Perhaps the force of the applause with which the participants of the symposium "Cuba in the eighties," organized by the Friedrich Ebert foundation, took leave of the Cuban delegation was indicative of the acceptance of their presentations.

The meeting, organized by the German Social Democratic Foundation, ended after 2 days of dissertations and debates. It has been organized with the express purpose of facilitating the exchange of opinions and ideas between Cuba, the United States and the FRG.

The counsellor to the Vice Presidency of the Council of Ministers of Cuba, Carlos Martinez Salsamendi, expounded on the role of Cuba in the so-called Third World and particularly in Central America, the Caribbean and Africa. He denounced the frequency of distorted or false reports made in the Western media and their idle speculations on Cuba's position and its activities in these regions. "We have clearly stated," he clarified, "that the only subjects which we would be willing to deal with in any conversation on the relations between Cuba and the United States are those that concern bilateral matters. This is why the Cuban military presence in Angola and Ethiopia, being a sovereign decision of the three countries, cannot be considered except within this framework."

On the other hand, he pointed out that the beginning of a durable solution in Central America is a political one achievable through negotiations of the conflict in El Salvador and through a halt of the aggressions and destabilizing actions that the United States exerts on Nicaragua.

Santiago Frayle, from the Center for Studies on Western Europe in Havana, discussed the political structures and the institutional evolution of Cuba.

He said that the new institutionality is the natural result and conscious achievement of the Cuban people. A directly participatory democracy is in force as a result of this and it is historically open to constant development and improvement.

Silvia Nereida Perez, from the Foreign Relations Department of the Central Committee of the Cuban Communist Party also took part in the meeting. She talked about the Cuban participation in the socialist community and its example for the Third World.

Another speaker was Jose Luis Rodriguez, who is with the Center for Studies on the World Economy of Havana, who spoke on the subject of economic development of Cuba and its future prospects."

Wayne Smith, a former head of the U.S. Interests Section in Havana, several American and German university professors and parliamentarians, West German experts and State Department officials also took part in the symposium.

Delegates from the Christian Democratic Union (CDU), the Social Democratic Party (SDP) and the Liberal Democratic Party (LDP) of the FRG made known their wish to contribute to the expansion of their country's relations with Cuba.

Deputies Ottfried Hennig (CDU), Helmut Schaefer (LDP) and Uwe Holtz (SDP) talked about the necessity of improving Cuban and West German relations during a roundtable that concluded the symposium.

The three parliamentarians, two of whom represented the governing coalition and the other the Social Democratic opposition, emphasized the vital importance of stimulating the dialogue between the two countries in spite of their respective social and political differences.

Hennig is also the parliamentary state secretary (vice minister) of the Interior Ministry, although he said he was not speaking in that function. He reminisced about the human warmth and cordiality with which he was treated during a recent trip to Cuba, an experience he wishes to repeat. He emphasized the value of dialogue between countries and societies that differ ideologically.

"We must know more about each other," said the CDU politician, who also mentioned the need to improve economic, commercial and other relationships, to continue parliamentary contacts and to stimulate dialogue in an atmosphere of friendship.

Like Hennig, Schaefer, who heads the working group on foreign policy of the LDP deputies, declared that it is necessary to maintain closer contact with Cuba because it plays such an important role in the so-called Third World, in Africa and in such areas as the Caribbean and Central America.

Schaefer was also of the opinion that the U.S. blockade against Cuba is not an appropriate solution and also pointed out that the FRG Government, of which his party is a member, must carefully analyze the fact that the U.S. Congress is distancing itself from the Ronald Reagan administration's policy in Central America and the Caribbean.

As for Holtz, he expressed much interest in the Cuban situation, in its successes in the field of education and public health as well as in the fight against malnutrition. At the same time, the SPD parliamentarian pointed out that a rapprochement between Cuba and the EEC would be important for examining common problems.

Holtz, who is president of the Commission on Economic Cooperation of the FRG parliament, also said that the United States should lift its blockade against Cuba and that the FRG and Cuba should deepen their political, cultural and economic ties.

Alarcon said he was pleased with the wishes of the deputies of the three West German parties to expand bilateral dialogue and agreed with them that it is possible to develop it in several areas even if there are differences in the evaluation of the international situation and in other matters.

"The important thing is that there exists a capability and a will to broaden relations in a framework of normality and cordiality such as has been demonstrated by recent meetings, particularly the one held by the foreign relations ministers of the two countries, Isidoro Malmierca and Hans Dietrich-Genscher a few days ago in Bonn," he said.

12381
CSO: 3248/958

MORALE OF COUNTERREVOLUTIONARIES SAID TO BE LOW

Paris LE MONDE in French 6 Jul 83 p 5

[Article by Marcel Niedergang]

[Text] Tension remains high in Central America, where Nicaragua's revolutionary regime is being increasingly regarded as public enemy No 1 for the United States. In the north, Honduras is concentrating troops along the frontier defended by the Sandinists. In the south, the skirmishes provoked from Costa Rica by Eden Pastora, a former anti-Somoza military leader who broke with the revolution in Managua, have taken on the look of real battles in recent days.

Even so, our special correspondent Marcel Niedergang, who is in Honduras, has been able to observe that morale is not very high among the anti-Sandinist guerrillas who have set up their operations bases against Nicaragua in Honduras.

Tegucigalpa, Honduras--In his sturdy peasant's hands he is holding a U.S. automatic rifle. Around his torso is a double row of cartridges. And on his chest hangs a crucifix at the end of a heavy gold chain. He has a black scarf tied around his head. He has the smooth brown face of a mixed-blood and wears a confident look. But this warrior with his stern bearing is not yet 17 years old--and in that respect he is like the great majority of the some 8,000 fighters in the Nicaraguan Democratic Force (FDN) who launched--and lost--the first round in the great offensive against Sandinist positions along the Honduran frontier.

He is cousin to the urchins in the Sandinist militia forces who, on the other side of the hills, lug their Soviet AK's around with the same virile assurance. Their game of bloody hide-and-seek is played out in the soaking forests of the northern mountains. To his opponents, he is a "bestia" (a Somoza animal). In Washington, he has been pompously christened a "freedom fighter." He himself claims to be primarily a "commando" who is fighting, as his instructors keep reminding him, "to liberate Nicaragua from communism."

A crucifix, cross, or even a rosary: that symbol of faith is his truly distinguishing sign: there is not a soldier in the FDN who does not wear such a

symbol more or less ostentatiously. And, as the warrior in the black scarf said, "If God is with us, who can be against us?"

The uniforms, the sophisticated weapons, and the communications system--better than that used by the Sandinists--are those of the U.S. Army. Everything is brand-new. But logistics and supply are still frequently makeshift. The "contras"^{*} travel when they can in Toyotas under the noses and with the apparent complicity of the Honduran Army's regular units.

The FDN's commandos walk a lot. Through the muddy ravines, the hills covered by tropical forest, and the sparsely populated savannas marking this uncontrollable frontier that stretches from the Pacific Ocean to the Coco River opposite the Nicaraguan departments of Chinandega, Esteli, Madriz, Nueva Segovia, and Jinotega. Their only protection from the rain and the cold and for sleeping is a plain piece of plastic. It is not too difficult to infiltrate the other side of this hilly frontier, where the mountain crests follow and intersect each other endlessly.

But it is more difficult to stay inside Nicaraguan territory for long, even though the anti-Sandinists claim they can count on the "enthusiastic support" of the peasants, who are "exasperated by the exactions of the government in Managua." In April and May, "contra" units made some spectacular breakthroughs deep within the border departments. And as late as mid-June, they blew up a depot east of Matagalpa where supplies and trucks were being stored for construction of the new road that will link Managua and Puerto Cabezas on the Atlantic coast.

But over the past 2 weeks, the pace of those operations has slowed considerably. FDN leaders admit it. But they add: "In fact, we still have numerous small armed groups established in several regions in central Nicaragua. They are hiding and are being protected by the inhabitants. They are waiting for the green light to return to the attack when we resume the offensive."

Those same political and military leaders of the "contras" admit that the current fighting "is very tough." They feel that the "situation is difficult." And in the field, the unit commanders are no more optimistic than they are. Since the end of June, practically all of the FDN's fighters in the forward areas have withdrawn to the relative shelter of the frontier hills. And their opponents, faced with torrential rains, are settling down for the moment to a guerrilla war of positions, trenches, and precarious and muddy dugouts.

A revealing indication of how the confrontations are developing along the northern frontier is the fact that both sides are attempting to defend themselves behind minefields. This is especially true around the Jalapa "salient" and on the "road" (actually only a dirt trail) that runs along the frontier. Facing the elite units of the Sandinist people's army which were sent in to reinforce the militia forces after the latter were somewhat overwhelmed in mid-June, the "contra" men are apparently on the defensive.

* Short for "counterrevolutionaries."

Their leaders admit that the Sandinist forces have been considerably strengthened "with men and materiel of all kinds." Rumors to the effect that the Nicaraguans have received or are about to receive Mig-80's are not calculated to improve morale. The FDN's armed forces are more closely knit than those under Steadman Fagoth farther to the east. But they are not completely free of rivalries among local "commanders" jealous of their prerogatives in their own "sectors." To hear the top "contra" leaders tell it, "being in Managua in September" is now out of the question.

They say: "We have had to pull back at several points along the frontier, and we are having difficulty getting supplies to certain advanced or highly exposed positions. And we have suffered 170 dead since September."

They point out that "the Sandinists, for their part, have admitted to suffering 500 dead during the same period." But they bitterly enumerate their current "problems." "The Americans help us, but they do not really understand us. They limit their assistance to equipment and materiel. But that is not enough. For example, we need considerable funds for the families of the fighters. This is important to keep up morale. How can you explain to our men, who are running risks in the field, that their families are destitute or simply in need?"

The United States is also suspected of not "ruling out all possibility of dialogue with Managua, whereas it is asking the FDN to exert as much military pressure as possible." The hope being placed by Washington in possible dissension within the Managua government itself due to Pastora's military engagement from Costa Rica worries them. They say: "The Americans believe that the double pressure--military and economic--will be enough to induce the leaders in Managua to accept dialogue or conciliation. That is an illusion." But they are pleased that through their own action, they have "brought about the radicalization of the Sandinists" and forced them "to show their true colors, which are those of communism."

They add: "It can't work. Pastora does not have a head for political matters--everyone knows that. He always makes unexpected decisions. He is a firebrand who likes the spectacular above all else. Perhaps we can count on his friends, who are aware of the need for unity in fighting the communists in Managua, but not on him."

The FDN's political leaders reject the charges of "Somozaism" that are frequently leveled at them, even by Eden Pastora's friends: "First of all, Somoza is dead, and Somozaism died with him. It will never come back. Second, it is true that a few officers leading our commandos are former members of Somoza's National Guard. But for the most part, they were lieutenants and captains--very young--who have nothing to be ashamed of and who were not loyal to Somoza." They confess with a sigh: "The fact remains that we are pawns in a conflict that goes beyond us." Before winding up our talk, they said: "But we will soon take the offensive again. Very soon."

In Mosquitia, the region on the Atlantic coast of Honduras, it is the Miskito Indian units that are quite at home. From Puerto Lempira to Mocoron and from

Mocoron to Leimus, the Coco River, and the Auka Plains--this is all the domain of Steadman Fagoth, an ally of the FDN but not dependent on it.

But the leader of the Miskitos, who has fewer than 2,000 men under his command, has a lot of trouble with his lieutenants, who want to command their own troops. "He wanted his autonomy!" comments one FDN captain. Steadman Fagoth is reportedly ready now to suggest a joint staff with the FDN in Chamorro Coronel "to bring his undisciplined lieutenants to their senses." For their part, the Miskito "contras" have pulled off some fine jobs over the past 3 months. They threatened the mines in Bonanza, about 100 kilometers south of the Coco River, and sabotaged facilities at Puerto Cabezas.

But according to many reports, the Miskito Indians, who live in isolation around their Moravian churches, are tired of the double pressure to which they are being subjected: that from the Sandinists, who want to "integrate" them into the revolutionary process, and that from the "contras," who hope to recruit their young men into the fighting forces.

Once again, it is civilians who are bearing the brunt of the increasingly numerous and harsh armed confrontations on the border. The villages caught in the crossfire have been evacuated by their inhabitants. For 3 years, Honduras has been the unwilling host of thousands of Salvadoran refugees (grouped just recently into camps 50 kilometers from the frontier) as well as refugees from Nicaragua and even Guatemala (1,000, near Santa Rosa de Copan). And now thousands of Honduran peasants are also "refugees" in their own country.

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ECONOMIC EFFECTS OF 'IMPERIALIST AGGRESSION' ANALYZED

Managua BARRICADA in Spanish 27 Jun 83 p 3

[Text] "We have been forced to mobilize resources to confront aggression in all forms, which has diverted human, financial and productive resources toward defense efforts, and therefore has led to greater difficulties in the development of our economic programs," said the coordinator of the National Revolutionary Government Junta (JGRN), Commander of the Revolution Daniel Ortega S., on 4 May before the Council of State.

Earlier articles have dealt with the economic pressures exerted by the United States in order to impede our foreign commerce and our access to international financing. This time, "Lunes Socio-economico" analyzes military aggression and some of its immediate consequences for our economy.

This undeclared war, which has absurdly been called "silent or secret" abroad, has led to many deaths among technicians, peasants and workers, as well as huge material losses and significant delays in the nation's development projects. It should also be noted that the popular defense mobilizations, the need to keep many citizens on the war fronts and many workers at arms, is having an impact on production and on the state. Among the principal economic problems are:

- The abandonment of crops, particularly grains in the interior of the country.
- The destruction of vehicles, tractors, trucks and buses, highway equipment, etc.
- The delay of road and housing construction, particularly in rural areas.
- The delay of the construction of hydroelectric projects.
- The blowing up of bridges.
- The large-scale burning of forests.
- The destruction of Child Development Centers (CDI), schools, health centers, etc.

This destruction and sabotage translate into lower productivity and delays in the social development plans that the Revolution would like to carry out for society, particularly for the rural population.

The Revolution's response has been overwhelming: self-defense cooperatives in the countryside, revolutionary vigilance in the city to prevent sabotage or to control currency speculation. In this way, many attempted actions against the well-being of our people have been thwarted.

The government has implemented emergency plans for planting grains, building roads and extending agrarian reform within the war zones. Thus, with the concerted action of the people and their government, the most serious problems have been faced.

Nonetheless, the daily situation in the capital, in other cities and in the countryside, is marked by the shortage of some products or services. The fact is, the war demands that priority be given to defense efforts, and to providing food and health care to the soldiers who are defending our sovereignty on the front. To a certain extent, this cuts into the supply of goods in the cities.

If to these elements we add the reduction of imports because of the shortage of foreign reserves, we see that in the final analysis there is a direct relationship between imperialist aggression and many of the daily problems that we must cope with, as we become better organized and more aware of the causes of our difficulties.

I. More than 600 Million Cordobas in War Losses in 1982

Between May 1982 and May 1983, a preliminary estimate (certainly incomplete) reveals that the war led to losses totaling 612 million cordobas, broken down as follows:

Destruction of Equipment	Production Damages	Lost Profits*
146	362	104
Total: 612		

Source: JGRN

* Lost profits are partial, referring only to exports of lumber and gold that were prevented.

This figure of 612 million cordobas represents between 2 and 3 percent of the country's gross domestic product. It falls short of real losses, however, because it does not reflect what was not produced due to the mobilization of workers, technicians and professionals to engage in defense tasks, nor does it take into account the allocation of resources to defense in order to ensure the provision of food and health care to the combatants mobilized in the war zones.

Last year Reagan funneled \$19 million through the CIA to finance counterrevolutionary activities (it is estimated that total CIA spending already exceeds

\$30 million), and that obliges the military government to step up military spending to deal with the aggression.

II. Production Delays and Sabotage

Before last Saturday's sabotage of the Rio Blanco-Siuna Highway, which cost the country \$2 million, the Construction Ministry had reported total losses of 45 million cordobas, broken down as follows:

--More than 25 million cordobas due to delays in the maintenance of the existing highway network. This means that in some areas of the country access roads have deteriorated, and it is therefore more difficult to get the harvest out.

--9.5 million cordobas on the Waslala-Siuna Highway, of which 3.5 million corresponds to the destruction of the roadway last year.

--9.3 million cordobas due to delays in the improvement of the Puerto Cabezas and Rosita airstrips.

It was impossible to install the potable water system in Ocotal.

In the energy sector, the plans to develop the COPALAR [expansion unknown] Project had to be suspended temporarily. Some mini-dam projects of the Nicaraguan Institute of Energy (INE) were also paralyzed because it was impossible to work in some areas where counterrevolutionary activity is high.

III. Aggression against Education and Health

In this sector, "despite advances, the situation continues to be difficult, with problems that for structural reasons will be resolved in the medium and long terms," stated Cmdr Ortega in his speech before the Council of State. In addition to the structural problems the Revolution is resolving, obstacles erected by the aggression must be removed.

In 1982 the Ministry of Health (MINSA) had to interrupt its anti-polio campaign, and was forced to close down 15 health stations in Regions I, V and VI due to conditions imposed by the war. During this period, MINSA reports that 12 doctors, including two internationalists, were killed along with civilians in cowardly attacks by bands.

In the education sector, the situation has been even more difficult. In Regions I and VI and Special Zones II and III, 310 People's Education Centers were closed. Two primary schools were destroyed in Region VI, and 37 teachers and 8 professors were killed between May 1982 and May 1983.

IV. Attacks on Production

In the productive sector, the most heavily damaged areas were agriculture and forestry, and to a lesser extent, mining and fishing.

During last year 40,000 hectares of pine forest were burned, for a loss of 200 million cordobas. On that occasion the counterrevolutionaries kidnapped brigades of workers, robbed them of their working equipment, burned their offices and dispensaries. The shortage of lumber is not unrelated to this situation. Since the triumph of the Revolution, lumber supplies have amounted to less than 50 percent of previous levels, and with the implementation of the Northeastern Forestry Enterprise it was expected that previous levels could be surpassed and national demand could be satisfied. Obviously, war activities in the zone where the project is located will complicate the achievement of the projected goals. This has ramifications in the construction sector, and affects all carpenters, who have problems obtaining lumber.

Agriculture-Livestock Sector

In its latest estimates, the Ministry of Agricultural-Livestock Development and Agrarian Reform (MIDINRA) reports losses of some 250 million cordobas, broken down as follows:

War Losses in Agriculture-Livestock Sector
(in millions of Cordobas)

Source: MIDINRA

Regions	Agriculture	Livestock	Mach.-Equip.	Infrastructure	Total
I	98.1	12.3	8.4	86.5	205.3
II	--	--	--	--	--
III	--	--	--	--	--
IV	--	--	--	0.2	0.2
V	2.3	0.3	--	--	2.6
VI	29.8	0.4	1.0	3.3	34.5
S.Z. I	0.1	0.1	0.2	--	0.4
S.Z. II	0.1	--	0.4	--	0.5
S.Z. III	5.0	--	0.1	0.3	5.4
TOTAL	135.4	12.8	10.4	90.3	248.9

The region most heavily damaged was Region I (Nueva Segovia, Madriz, Esteli), and within Region I, the Laureano Mairena enterprise suffered losses totaling nearly 72 million cordobas, of which more than 60 percent was due to the destruction of buildings and infrastructure used in the manufacture of cigars.

The most heavily damaged sectors were the People's Ownership Sector (APP) and peasant cooperatives. The latter suffered losses of more than 100 million cordobas in Region I alone, not to mention the eight peasants killed and 40 kidnapped by the beasts.

In Region VI (Matagalpa-Jinotega), the peasant sector was hit the hardest. The counterrevolutionaries killed 106 people and caused damages totaling 34.5 million cordobas, mainly in the Yali and Wiwili zones.

It should be noted, however, that the economic effects of these losses are very minor compared to the drop in production caused by the terrorist action of the bands, which is forcing peasants to fall back to areas nearer the cities to protect themselves, and which does not allow inputs and technicians

into the area when needed, with the consequent drop in the production of grains. The implementation of the self-defense cooperatives has begun to respond to this situation.

Mobilization of People at Arms. Murder of Technicians, Workers, Professionals

The economic costs cannot be evaluated exclusively in terms of the material damages caused by the war, because costs are also incurred in terms of the comrades killed in criminal ambushes as they fulfill their duties, and the comrades mobilized in the Reserve Battalions and Militias who have to leave their jobs to defend the fatherland.

Cmdr Ortega pointed out in the aforementioned speech that just between May 1982 and May 1983, 6,616 comrades of the state were mobilized in the Infantry Reserve Battalions, and 3,215 in the Sandinist People's Militias.

The commander added: "157 comrades were killed and fell in combat, of whom 58 were technicians, 23 professionals, 2 internationalist doctors and 73 worker comrades, drivers, peasants and others."

VI. Revolution Responds to Aggression: Better Organization

The outstanding participation of the people through their organizations, the militias, the Sandinist Defense Committees (CDS), the Voluntary Police, the revolutionary vigilance and the agencies in defense of the Revolution (EPS, State Security and Police) have limited the effects of the aggression. Thanks to them, all the imperialists' attempts to develop urban terrorism have been thwarted, and the principal economic objectives of the war zones are effectively protected. Thanks to them, an increasingly effective battle is being waged against currency speculation.

Today, the shortage of foreign reserves, the impact of aggression and supply shortages, the latter stemming in good measure from the former, require even better organization and a closing of ranks to form a common front against the enemy, whose military actions are complemented by rumors, currency speculation, attempted sabotage, etc., and whose goal is to damage and discredit the Revolution.

In conclusion, let us hearken to the words of Cmdr Daniel Ortega: "To cope with this increasing terrorism, the Interior Ministry has relied more extensively on the working people. Thanks to the efforts of the Interior Ministry and of the people, all attempts by the enemy to develop terrorism in the cities have been totally neutralized; innumerable blows have been dealt to the counterrevolutionary military units by the Sandinist People's Army or by the forces of the Interior Ministry itself; the principal economic objectives have been protected, preventing major damage even in the areas where large counterrevolutionary units are operating; the adverse effects of the confusion campaigns have been kept to a minimum; and the enemy's plans have been discovered in advance."

Maintaining and consolidating these achievements, preparing ourselves daily to face and defeat new acts of aggression, that is Nicaragua's agenda.

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August 12, 1983